

Kentucky receives nearly \$1.7 million UI integrity grant

Funds will increase efficiency, help reduce UI fraud in the Commonwealth

FRANKFORT, Ky. (Sept. 20, 2011) – Governor Steve Beshear today announced Kentucky has been awarded nearly \$1.7 million in federal funding to improve program integrity and technology in the state’s unemployment insurance (UI) system. The funding will help Kentucky develop new or enhanced systems to reduce UI fraud.

“These funds will increase our ability to prevent overpayments and enhance operational efficiencies in preventing, detecting and recovering fraudulent payments,” Gov. Beshear said.

Kentucky currently has the lowest rate of improper unemployment insurance payments in the nation at 4.39 percent. According to the U.S. Department of Labor (USDOL), the UI Benefit Accuracy Measurement (BAM) program estimated the UI national improper payment rate to be 11.2 percent for the 2010 reporting period.

In order to have qualified for federal dollars, states must have implemented or committed to implement all of the required integrity activities as established by the U.S. Department of Labor or USDOL. Such activities address worker misclassification, technology-based prevention, detection and collection activities.

The Office of Employment and Training (OET), an agency of Kentucky’s Education and Workforce Development Cabinet, will administer the \$1,649,886 grant.

Kentucky currently uses various methods to detect fraud, including random audits, computerized cross matches and anonymous tips. There are six regional fraud investigators who check leads, verify audits and work with local prosecutors to bring criminal charges.

The most common cases of fraud involve people who are working while receiving benefits or those who do not actively seek work. A claimant collecting benefits must report any work, even a temporary job, to the UI office. An intentional failure to do so is fraud. A growing source of criminal charges stems from people who purposely give false or incomplete information when they apply for benefits.

A fraudulent payment of \$100 or more is a felony punishable by a jail sentence and the repayment of the amount received with interest. Other penalties imposed by the court or the UI division include disqualification from the program for a period of time or the placement of a lien.

Possible fraud violations may be reported to any local OET office, submitted online at <http://oet.ky.gov/>, e-mailed to oet.uifraud@ky.gov or by calling 502-564-3240. Tipsters can remain anonymous, but it is important to give as much information as possible to help investigators pursue the tip. For example, having the correct name and current or

previous employer of the person suspected of committing fraud will help investigators pursue a tip.